

**SELECT COMMITTEE INTO THE
FINANCE BROKING INDUSTRY IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
FRIDAY, 6 OCTOBER 2000**

SESSION 2 OF 3 (PART A)

Members

Hon Ken Travers (Chairman)

Hon G.T. Giffard

Hon Greg Smith

Hon Ray Halligan

Hon Norm Kelly

MITCHELL, MR CHARLES,
Policy Adviser to Minister for Fair Trading,
Dumas House,
2 Havelock Street,
West Perth, examined:

The CHAIRMAN: You have signed a document entitled "Information for Witnesses." Have you read and understood the document?

Mr Mitchell: I have.

The CHAIRMAN: The proceedings are being recorded by Hansard. To assist the committee and Hansard, and for the record, please quote the full title of any document to which you refer during the course of this hearing. A transcript of your evidence will be provided to you. I remind you that the transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before speaking about the matter. The committee may, of its own motion, resolve to take evidence in closed session. The taking of evidence in closed session may be relevant where, for example, the committee believes the evidence may breach term of reference No (3) of its inquiry, which states -

The committee in its proceedings avoid interfering with or obstructing any inquiry being conducted into related matters and in particular inquiries by –

- (a) the police;
- (b) any liquidator or supervisor of any company;
- (c) the Gunning inquiry;
- (d) the Australian Securities and Investments Commission; or
- (e) any prosecution.

Even if evidence is given to the committee in closed session, the evidence will become public when the committee reports on the item of business to the Legislative Council unless the Legislative Council grants an ongoing suppression order at the time the committee tables its report. If the witness wishes to make any comments in closed session or if a member asks a question that the witness believes should be answered in closed session he should indicate that to the committee at the time. The committee will hold a closed session at the end of the public hearing so that the issues can be discussed.

I indicate to members of the public gallery that only accredited members of the media may take notes during the hearing.

Does the witness wish to make an opening statement to the committee?

Mr Mitchell: No thank you.

The CHAIRMAN: Will you outline your role with the Minister for Fair Trading?

Mr Mitchell: I am a fair trading policy adviser. I provide advice to the minister in relation to fair trading matters. I act as an adviser to the minister. People come through me when they want to speak to the minister about fair trading matters. I evaluate letters as to whether they should be sent to the minister for further action.

The CHAIRMAN: How long have you held the position?

Mr Mitchell: Just over three and a half years.

The CHAIRMAN: Prior to that?

Mr Mitchell: I have been in the public service for 25 years. I have had three years with the Ministry of Fair Trading and 17-18 years with the Tourism Commission. I had about 18 months with the Health Department before that.

The CHAIRMAN: Did you work for the Ministry of Fair Trading prior to becoming an adviser to the minister?

Mr Mitchell: Yes.

The CHAIRMAN: For how long?

Mr Mitchell: Three years.

The CHAIRMAN: You were in the ministry for three years before becoming an adviser and you have been an adviser for three and a half years?

Mr Mitchell: Yes. Since May 1997.

The CHAIRMAN: Was it an advertised position? How did you come to get the job?

Mr Mitchell: It was advertised within the Ministry of Fair Trading and I applied for it.

Hon G.T. GIFFARD: What was the job that you held at the Ministry of Fair Trading?

Mr Mitchell: I was a policy officer in the retail branch.

The CHAIRMAN: We are all well aware of the issues surrounding finance brokers. When did the issues first come to your attention?

Mr Mitchell: They first became a real issue in September 1998 when Penny Searle came to see me as she wanted to see the minister.

The CHAIRMAN: What action did you take at that stage?

Mr Mitchell: Penny Searle sent a fax to the minister and I referred it to the Ministry of Fair Trading. A meeting was organised between her and officers from the Ministry of Fair Trading.

Hon NORM KELLY: What was the fax in relation to?

Mr Mitchell: Her investment.

Hon NORM KELLY: Why did you refer it to the ministry and not to the board?

Mr Mitchell: My contacts are with the ministry. We cannot get involved in directing the board; when we receive correspondence it is referred to the ministry for it to prepare advice for the minister. Part of the preparation of the advice may involve speaking to the board or doing whatever is required.

Hon NORM KELLY: It would be up to the ministry's officers to decide whether it should be referred to the board, the minister or whomever?

Mr Mitchell: Correct.

The CHAIRMAN: You mentioned that you are not able to direct the board. Do you ever have any direct contact with the board?

Mr Mitchell: I have received 10 to 20 faxes from one of the board's members, but they have gone straight to the minister. I do not speak to members of the board. I cannot recall speaking to any of the board's members.

The CHAIRMAN: Have you ever had any dealings in respect of issues such as the appointment of a supervisor?

Mr Mitchell: I have. The Ministry of Fair Trading would have briefed the minister and much of the information would have come through me.

The CHAIRMAN: Is the appointment of a supervisor not a function of the board rather than the ministry?

Mr Mitchell: That is right. The ministry would advise the minister on such matters. The board would have asked for the appointment of a supervisor and it would have come to the Government for funding.

The CHAIRMAN: What was the nature of the advice being provided by the ministry to the minister in respect of the appointment of a supervisor?

Mr Mitchell: They supported the appointment of a supervisor. That was the advice they gave to the minister.

The CHAIRMAN: Did they give suggestions to the minister about the nature, terms and conditions of the appointment?

Mr Mitchell: They sought advice from lawyers but I am not privy to the conversations that occurred between ministry officers and the board. Advice was sought and provided to the minister.

Hon G.T. GIFFARD: The ministry supported the board's request for funding?

Mr Mitchell: That is correct.

Hon G.T. GIFFARD: Did you have a view about whether it was appropriate for the ministry to support the request?

Mr Mitchell: As I understand it, they were complying with the Act. They sought advice and were told that a supervisor could be appointed. They acted on the advice and provided a recommendation to that effect.

Hon G.T. GIFFARD: Did you have a view about whether it was appropriate for the ministry to support a request from the board?

Mr Mitchell: My personal view?

Hon G.T. GIFFARD: Your professional view.

Mr Mitchell: I would have liked to see whatever help that could be provided being given to the people involved. It was an opportunity for help to be provided.

Hon G.T. GIFFARD: You did not turn your mind as to whether the ministry should recommend it? Whose role was it, if anyone's, to evaluate the request? Was it the ministry's role to evaluate the request?

Mr Mitchell: Yes - and to provide a recommendation to the minister.

Hon NORM KELLY: To appoint a supervisor?

Mr Mitchell: Correct.

The CHAIRMAN: You mentioned earlier about when you first became aware of it as real issue.

Mr Mitchell: Yes; that is when I first became aware of concerns about finance brokers.

The CHAIRMAN: You used the term "real issue".

Mr Mitchell: I mentioned one example - that of Penny Searle. There was another one involving Carl Lens. They both happened at about that time. Prior to that I had no knowledge of concerns about finance brokers. At that time, concerns related to only those two complaints.

Hon NORM KELLY: I am interested in your comments earlier about the minister's responsibilities in appointing a supervisor. My understanding of the Finance Brokers Control Act is that the board is meant to apply to the District Court.

Mr Mitchell: They needed funding to appoint a supervisor and they had to come to the Government to get it.

Hon NORM KELLY: Even though the minister had no statutory responsibility to appoint a supervisor, he could determine whether a supervisor could be appointed by providing or withholding funds?

Mr Mitchell: Yes; quite possibly. I have never thought about it in those terms before.

Hon G.T. GIFFARD: What would happen if the ministry recommended against such an appointment?

Mr Mitchell: It is a supposition. It would have to explain why. I cannot comment.

Hon G.T. GIFFARD: Has it never happened?

Mr Mitchell: It is my understanding that this is the first time that supervisors have ever been appointed to a situation like that.

Hon NORM KELLY: Have you ever been aware of the board having insufficient funds to undertake its investigations?

Mr Mitchell: No.

Hon NORM KELLY: Not at all?

Mr Mitchell: No.

Hon NORM KELLY: What about in the past year to 18 months?

Mr Mitchell: The only time a request has been made of the minister he has responded and provided the funds.

The CHAIRMAN: It was September 1998 when you received complaints from Penny Searle and Carl Lens?

Mr Mitchell: We received a couple of letters from them.

The CHAIRMAN: Prior to that you had no knowledge of any problems or concerns within the finance broking industry?

The CHAIRMAN: When you were appointed to the position, were you given a briefing about issues within the ministry?

Mr Mitchell: Coming from within the ministry, I had a fair idea about all of the issues in the ministry. I did not receive a briefing. Over time, as issues arose, I would familiarise myself with them.

The CHAIRMAN: You had been a Fair Trading officer for three years, in the retail branch. Were you in the retail branch the whole time?

Mr Mitchell: Yes, for three years.

The CHAIRMAN: The ministry is a fairly large organisation, over and above just the retail branch.

Mr Mitchell: That is right.

The CHAIRMAN: How did you acquaint yourself with other issues concerning the ministry that occurred outside of the retail-type issues that you would have had intimate knowledge of?

Mr Mitchell: I cannot recall.

The CHAIRMAN: Did you have a process of acquainting yourself with other issues?

Mr Mitchell: I am sure I did because I have a pretty good knowledge of the portfolio now. I cannot say to you that there was a briefing done and I attended on that day, or that notes were provided. I assume that happened but I cannot answer, from memory, at this time.

The CHAIRMAN: That is all I am trying to get to - whether there would have been an actual briefing to run you through the things, or whether over a period of time, as issues came in, you started to acquaint yourself with the broader operations of the ministry.

Mr Mitchell: I recall that I had a chat with some of the managers from the various sections before I went up to the minister's office, to enable me to become aware of some of those issues and to get a broad outline of things like real estate, etc.

The CHAIRMAN: Did you ever meet with any of the boards that were under the minister's responsibility, to get an idea from them of what the issues were?

Mr Mitchell: No.

The CHAIRMAN: Were you the only person in the minister's office dealing with Fair Trading matters?

Mr Mitchell: Yes.

The CHAIRMAN: When you took over the position, were briefing notes provided to you on general issues facing the different sections of the ministry, or the boards attached to it?

Mr Mitchell: The ministry prepared briefing notes on a fairly regular basis, which covered many of the contentious issues within the ministry. I assume that they were made available to me.

The CHAIRMAN: Did any of those ever raise any concerns about problems in the Finance Brokers Supervisory Board?

Mr Mitchell: No.

The CHAIRMAN: Did you ever go back and read any of the annual reports to familiarise yourself with issues, or any of those sorts of things?

Mr Mitchell: Yes.

The CHAIRMAN: Do you recall anything in those annual reports that jumped out as issues that needed to be addressed or were areas of concern? I do not know if you have since read the annual reports, but a number of issues raised were raised in those annual reports.

Mr Mitchell: What issues were they?

The CHAIRMAN: Issues concerning problems that the board was having with the legislation and the need for legislative change.

Mr Mitchell: I think you will find that the board acknowledged that while the review was going on it would not pursue that.

Hon NORM KELLY: This is talking about after the call for legislative change but prior to the review going on.

Mr Mitchell: That was before my time. That was 1996.

The CHAIRMAN: You were aware that issues were raised in the annual reports but, from what you have just said, and correct me if I am wrong, you took the view that there was a review going on so there was no need to address those issues until that review was completed.

Mr Mitchell: That was what the board was saying.

The CHAIRMAN: What about from your own perspective? Did you ever take a view, in terms of advising the minister, that that was -

Mr Mitchell: There was no reason, at that time, to do anything but accept the board's advice.

Hon NORM KELLY: Since the conclusion of that review, what efforts have been made to institute the legislative change that was recommended?

Mr Mitchell: In about May 1999 the Government announced that following the review and consultation it would implement those changes. You are obviously aware that there is still discussion going on about professional indemnity. The client issue was addressed, the ministry produced a brochure, and progress was made towards more regular audits.

Hon NORM KELLY: What about any changes to the Act?

Mr Mitchell: The intention was to do that. When Gunning came along those issues were postponed, pending the outcome of the Gunning inquiry.

Hon NORM KELLY: Where are they up to now?

Mr Mitchell: An implementation panel has been appointed. They are working through those matters now.

Hon NORM KELLY: Who is on that implementation panel?

Mr Mitchell: Geoff Mews, Mal Wauchope and Gary Newcombe.

The CHAIRMAN: In September 1998 you had the Searle and Lens complaints and you have mentioned that there were only two at that stage. When did you next receive any complaints about the problems in the finance broking industry?

Mr Mitchell: It was when Global went into voluntary administration in February 1999.

The CHAIRMAN: You did not receive any complaints or concerns about problems in the finance broking industry, other than from Mr Lens and Ms Searle?

Mr Mitchell: I suspect I was aware that there were some concerns about Grubb.

The CHAIRMAN: You suspect you were aware?

Mr Mitchell: Yes.

The CHAIRMAN: Can you expand on that?

Mr Mitchell: Twenty-five complaints were made in the latter half of 1998 and they were sent to the ministry. I suspect that some of those people may well have written to the minister, but I just cannot recall any letters offhand. That is something else that came up.

The CHAIRMAN: At the minister's office, were you advised of the number of complaints that were being sent through to the board?

Mr Mitchell: I cannot remember. Possibly.

The CHAIRMAN: How did you know that 25 complaints were made to the board in the latter half of 1998 if you were not being advised?

Mr Mitchell: Because of the history of the past two years that I have had to go back over.

The CHAIRMAN: That may be a current recollection rather than a recollection of what you knew at the time?

Mr Mitchell: Yes, that is right. The standout that I can recall was Penny Searle, which I guess was the tip of the iceberg. It became much more of an issue when Global went into voluntary administration.

The CHAIRMAN: What is your recollection of the nature of the complaint from Penny Searle?

Mr Mitchell: She was concerned about her investment and she did not believe that the board or the ministry was reacting properly.

The CHAIRMAN: Was that against one broker or a number of brokers?

Mr Mitchell: About Global.

The CHAIRMAN: Specifically about Global?

Mr Mitchell: Yes. She talked in general terms, but the main focus was Global.

The CHAIRMAN: And Mr Lens.

Mr Mitchell: About his investment, and that was it.

The CHAIRMAN: Did you have any contact at that time with any other groups about problems in the finance broking industry?

Mr Mitchell: Not that I can recall. Letters may have come in but I cannot recall any of those as standouts. I doubt it.

The CHAIRMAN: Did you receive any correspondence or contact from the Real Estate Consumer Association at that time?

Mr Mitchell: Yes.

The CHAIRMAN: What was the nature of the issues that it raised?

Mr Mitchell: It had some general concerns about finance brokers. It had some concerns about one of the investigators down there.

The CHAIRMAN: When was that?

Mr Mitchell: The second half of 1998.

The CHAIRMAN: Before Global went into liquidation?

Mr Mitchell: Yes.

The CHAIRMAN: What action did you take? You had a complaint from Penny Searle, a formal complaint from Mr Lens, and a complaint, in general terms, from the Real Estate Consumer Association through, I assume, Denise Brailey.

Mr Mitchell: Yes.

The CHAIRMAN: What action did you take for each of those complaints?

Mr Mitchell: The Lens complaint would have been referred to the ministry for advice. I organised a meeting between Searle and a ministry officer, to address her concerns. Brailey and her general comments were directed to the chief executive.

The CHAIRMAN: Did you have only one contact with those people in that period or did you have numerous contacts with each of those people?

Mr Mitchell: I have never spoken to Mr Lens. My recollection is one letter. I suspect I had about half a dozen telephone calls with Ms Searle. She probably wrote a couple of letters as well.

The CHAIRMAN: What was your reaction to the allegations that they were making?

Mr Mitchell: I reacted promptly and sought advice from the ministry. We had a meeting with Ms Searle and she appeared, at that time, to be happy with that.

The CHAIRMAN: What about Ms Brailey?

Mr Mitchell: She was referred to the Ministry of Fair Trading. I understand she met with officers from the ministry.

The CHAIRMAN: We have received evidence from a number of those people that indicated that they still maintained concerns and were keen to meet with the minister. Do you recollect anything along those lines?

Mr Mitchell: Penny Searle wanted a meeting with the minister.

The CHAIRMAN: Was that ever arranged?

Mr Mitchell: No, it was not.

The CHAIRMAN: Do you recollect why it was never arranged?

Mr Mitchell: At that stage it was a complaint about a finance broker and it was appropriate that it be referred to the ministry for its attention.

The CHAIRMAN: It was broader than a complaint about a finance broker. It was a complaint not just about her deals but about the modus operandi of the finance brokers.

Mr Mitchell: At that stage, it was probably the second letter that we had received about Global Finance and to me it seemed like an operational matter.

The CHAIRMAN: The evidence that we have received from Mrs Searle was that it was not just a general complaint about her specific investments but a broader complaint about the overall operation of Global.

Mr Mitchell: That is right, and a meeting was organised promptly with the minister's office and an officer from the board. Her proposal is being dealt with by the ministry.

The CHAIRMAN: You accept that she continued to lobby for meetings with the minister and the like because she was not satisfied that the broader issue of that particular finance broker was being looked into.

Mr Mitchell: The meeting was held in September. It was referred to the registrar of the board at the time and he was dealing with it. Things did not happen quickly enough for Penny Searle. She spoke to me a couple of times and I telephoned the Ministry of Fair Trading to find out what was happening. The ministry indicated to me that it was being progressed promptly.

The CHAIRMAN: Do you recollect her ever raising concerns about the way that the ministry was conducting the investigation?

Mr Mitchell: Yes.

The CHAIRMAN: What did you do about those?

Mr Mitchell: I referred it to the registrar and the manager of the finance branch.

The CHAIRMAN: When you got a response from them?

Mr Mitchell: They indicated that they were dealing with it.

The CHAIRMAN: She was expressing concerns about the way they were dealing with the claim and you are saying that they wrote back to say that they were dealing with it and you were happy with that.

Mr Mitchell: When Penny Searle came back to me I would have liaised with the Ministry of Fair Trading officers. We cannot direct the board about how it does its investigations.

The CHAIRMAN: Is it the board that is investigating or is it the ministry that is investigating?

Mr Mitchell: Because of the dual role, I am not sure whether it was a ministry officer or a board officer.

The CHAIRMAN: Even at this stage you cannot tell us that? Has that issue not been clarified?

Mr Mitchell: It may well have been but I cannot remember offhand.

Hon G.T. GIFFARD: What do you mean by “dual role”?

Mr Mitchell: Ministry officers can act as officers for the board or they can operate as ministry investigators or conciliation officers.

Hon G.T. GIFFARD: What are they doing when they are acting as ministry officers? What is their authority to act? Where is their ability to interview people? I assume they interview people and I assume they collect information when they act as ministry officers.

Mr Mitchell: Correct.

Hon G.T. GIFFARD: What is their authority? Where is their right to do that?

Mr Mitchell: I do not know the ins and outs of the Finance Brokers Control Act. My background is not that of an investigator.

Hon G.T. GIFFARD: Is it your understanding that complaints went to the board before they went to the Ministry of Fair Trading?

Mr Mitchell: I would have referred any details to the ministry officers. I do not know how they allocated them to either the Finance Brokers Supervisory Board file or the Ministry of Fair Trading file. From the Gunning inquiry it appears that an overlap is occurring with that allocation.

Hon G.T. GIFFARD: Why not refer them to the board?

Mr Mitchell: Because we referred them to the Ministry of Fair Trading to take the appropriate action, whether it be to investigate them itself or refer them to the board.

Hon G.T. GIFFARD: Why would you not refer a complaint about a finance broker to the Finance Brokers Supervisory Board?

Mr Mitchell: Because there is a finance brokers section within the Ministry of Fair Trading to deal with those issues. It provides support to the board, as well as conducting its own duties.

The CHAIRMAN: Surely, if a complaint is made, you refer it to the board for investigation. That is the appropriate body. Although it may be a Ministry of Fair Trading official who is undertaking the investigation, would it not be as an investigator on behalf of the board under the Finance Brokers Control Act?

Mr Mitchell: I do not know.

The CHAIRMAN: After you referred the Searle and Lens matters to the Ministry of Fair Trading, do you recollect what was the response?

Mr Mitchell: The matters were being progressed as quickly as possible

The CHAIRMAN: Was there any response to the broader issues raised by Penny Searle about general problems with Global Finance rather than specific investment problems?

Mr Mitchell: In terms of the whole package of the Penny Searle complaint, the Ministry of Fair Trading assured me it was investigating those matters

The CHAIRMAN: Did that include the broader issues?

Mr Mitchell: That is right, as I understand it?

The CHAIRMAN: Would that have been in written correspondence?

Mr Mitchell: No; when Penny Searle telephoned me I probably would have telephoned the Ministry of Fair Trading and it would have been dealt with over the telephone.

Hon G.T. GIFFARD: With whom would that be?

Mr Mitchell: The registrar of the finance brokers branch.

The CHAIRMAN: Was it the registrar of the branch or the registrar of the board?

Mr Mitchell: The manager of the finance branch and the Registrar of the Finance Brokers Supervisory Board are one and the same person.

Hon G.T. GIFFARD: Did you refer the matter to the board because you know that person was the registrar?

Mr Mitchell: No; if someone writes a letter to the minister it goes through the Ministry of Fair Trading to the manager of the area. What the manager does with it is up to him. I would not have been concerned about what role he took at a particular time because I was trying to address the concerns of the person who complained.

Hon G.T. GIFFARD: If that is your understanding of the procedure, how do you get that understanding? Is it written down somewhere?

Mr Mitchell: I worked as a manager in one of the areas in the Ministry of Fair Trading before coming to the minister's office, and that is exactly what happened. The letters came in and the manager determined what to do with them.

The CHAIRMAN: What happened with respect to the Denise Brailey allegations?

Mr Mitchell: They were referred to the Ministry of Fair Trading.

The CHAIRMAN: What happened to them?

Mr Mitchell: Often they were of a general nature and she was often pursuing funding. They were directed to the ministry.

The CHAIRMAN: Did you get a response from the minister about her allegations or concerns about what was occurring in the finance broking sector?

Mr Mitchell: I understand the ministry was talking to her and trying to get her to make specific allegations and to provide evidence.

The CHAIRMAN: Did she have a meeting with the minister at which you were in attendance?

Mr Mitchell: No.

The CHAIRMAN: When was the first time she met with the minister to discuss these matters?

Mr Mitchell: It was 29 April, 1999

The CHAIRMAN: Prior to that she never -

Mr Mitchell: Not to my knowledge

The CHAIRMAN: Were her complaints written complaints to you?

Mr Mitchell: Yes, she wrote a couple of letters

The CHAIRMAN: Did any letters include a flow chart of the deals?

Mr Mitchell: I think she sent that to the Ministry of Fair Trading and probably to the Real Estate and Business Agents Supervisory Board, but I am not sure.

The CHAIRMAN: It related to finance broking deals and the link between the deals following on from the Lens case.

Mr Mitchell: I know as a result of subsequent correspondence that she sent a flow chart to the Ministry of Fair Trading, but I cannot recall whether it came to the minister's office.

The CHAIRMAN: Did you not see that document?

Mr Mitchell: Through 1998 to the end of 1998 I cannot recall that document. I know there were letters but I cannot recall that document.

The CHAIRMAN: What happened to the allegations about her concerns over the actions of a particular investigator?

Mr Mitchell: They would have been referred to the ministry.

The CHAIRMAN: Do you recollect whether you got advice back about that matter?

Mr Mitchell: No I cannot recall

The CHAIRMAN: In general terms, regarding the Searle and Lens cases and allegations from Denise Brailey, what was your general view about the advice you received from the Ministry of Fair Trading at that time? Was it satisfactory?

Mr Mitchell: It seemed appropriate at the time.

The CHAIRMAN: Did alarm bells not ring for you? Were you not concerned?

Mr Mitchell: Not particularly.

The CHAIRMAN: Do you recollect the issue being raised in the Parliament?

Mr Mitchell: Yes

The CHAIRMAN: Do you remember on which occasions it was raised in the Parliament?

Mr Mitchell: In, I think, November, 1998 by Alannah MacTiernan

The CHAIRMAN: Were you in attendance for that debate?

Mr Mitchell: Yes

The CHAIRMAN: Subsequent to that debate was any follow up action taken due to the issues raised in the debate?

Mr Mitchell: The complaints were referred to the Ministry of Fair Trading to deal with.

The CHAIRMAN: Did you have discussions with the minister about what was said in the Parliament?

Mr Mitchell: I cannot recall. It would seem that there may have been some discussions, but I cannot recall any particular conversation.

The CHAIRMAN: If an issue of that nature is raised in the Parliament, as a general rule would you have a debrief with the minister?

Mr Mitchell: As a general rule I would, yes

The CHAIRMAN: Do you recollect any concern that may have crept in because a member of Parliament raised an issue in the Parliament?

Mr Mitchell: The matters were raised and the minister asked the ministry about those matters. They were responded to and he was given an explanation for them.

The CHAIRMAN: Do you recollect whether it was a detailed explanation of the issues or would it have been just a general briefing note on the issues?

Mr Mitchell: He responded to the comments in Parliament, so there was obviously quite a bit of detail provided then. I cannot recall whether there was any discussion after that time. However, if there were any matters of concern to the minister he would have raised them.

The CHAIRMAN: Are matters of public importance usually discussed prior to their being discussed in Parliament?

Mr Mitchell: We get little notice of MPIs. Obviously the minister receives a briefing immediately prior to debates. If he wants to address issues some discussions are held.

The CHAIRMAN: We are upper House members so we do not always know what happens in the lower House. How much notice do you get of an MPI?

Mr Mitchell: I think we must be advised of an MPI by 12 o'clock and it is debated at 2.30 pm, immediately after question time.

The CHAIRMAN: Would you need to seek urgent advice about the issues which, in a general sense, are often the general nature of the complaint?

Mr Mitchell: Yes

The CHAIRMAN: Do you ever get ministry officials to provide ongoing advice during those debates?

Mr Mitchell: Yes

The CHAIRMAN: Do you recollect whether there was any concern that some of the advice being given to the minister during that debate was not absolutely correct?

Mr Mitchell: No

The CHAIRMAN: I do not know whether you recollect the debate, but there was argument between Hon Alannah MacTiernan - she is no longer honourable only in the sense that she is not in the upper House - when she disputed the minister's comments in those debates. Were you asked to get further advice from the ministry about who was right and who was wrong in those debates?

Mr Mitchell: The nature of those debates involves argument, and they were responded to. I cannot recall that particular debate or the individual comments.

The CHAIRMAN: If things such as dates and times are being disputed over when Penny Searle lodged a complaint, or issues such as that, would you normally go to the minister and say who was right and who was wrong? Obviously if the minister was wrong he would want to give advice to the House that he was wrong.

Mr Mitchell: It would depend on the nature of the issue.

The CHAIRMAN: Do you not usually go through debates and get them checked to ensure the advice given was accurate?

Mr Mitchell: It depends on the nature of the debate. If there are particular issues, of course I do. If any issues were outstanding they would have been addressed.

The CHAIRMAN: Do you ever receive advice directly from the board to the minister's office?

Mr Mitchell: I cannot recall the Finance Brokers Supervisory Board doing that. Some boards send it to the minister directly. It would then be referred to the Ministry of Fair Trading for advice.

Hon NORM KELLY: You were saying some boards would -

Mr Mitchell: It has been the recent practice of the Real Estate and Business Agents Supervisory Board to send correspondence to the minister rather than through the ministry.

Hon NORM KELLY: Does that correspondence then go back to the ministry?

Mr Mitchell: Yes

Hon NORM KELLY: Why?

Mr Mitchell: The ministry is there to advise the minister on various responsibilities, and the board is one element of it. It would be treated, if you like, as a stakeholder.

Hon NORM KELLY: Is that system in place so that the minister is aware of correspondence, rather than waiting to hear about it after it has been through the ministry?

Mr Mitchell: Correspondence comes to the minister in the form of either a letter or a submission from somebody. If it is the board, it will go to the minister who then asks the ministry for advice on it.

Hon NORM KELLY: Why do some boards do it that way and others not? Is it a decision of the board or an administrative procedure implemented by the ministry?

Mr Mitchell: It would be a decision of the board. There is also, if you like, time saving. People know that if they speak to the ministry first, and the ministry resolves the matter, it can then go straight to the minister with agreement.

Hon NORM KELLY: You said that matters concerning real estate go straight to the minister.

Mr Mitchell: The real estate board has sent a couple of submissions direct to the minister recently without going through the ministry. However, that is the exception rather than the rule.

The CHAIRMAN: Is there any formal process for liaison between the board and the minister?

Mr Mitchell: What do you mean?

The CHAIRMAN: Was there ever any formal line of communication between the board and the minister? Was it incumbent on the board to say, "We will not send our correspondence through the ministry; we want to send it directly to the minister"?

Mr Mitchell: It could do that if it wanted to.

The CHAIRMAN: As individual board members would they type that up themselves if they did not want to use the ministry?

Mr Mitchell: They could have sent it to the registrar. If the board said to send it straight to the minister there would be nothing to stop them.

The CHAIRMAN: Following that debate in the Parliament, was any request or contact made with the board directly to confirm it was happy with the ministry processes?

Mr Mitchell: I can only repeat what I said earlier; that is, if there were any outstanding matters the minister would have asked the Ministry of Fair Trading to address them.

The CHAIRMAN: Would that have been a verbal or a written request? What is the normal procedure for these sorts of matters?

Mr Mitchell: It probably would have been verbal.

The CHAIRMAN: Would the response normally be verbal or written?

Mr Mitchell: It would depend upon the nature of the question. If it required a written response, it would provide a written response. If it was just a case of sorting something out, it would be done in that manner.

The CHAIRMAN: The minister is reported at page 3401 of *Hansard* of 12 November 1998 as saying -

The ministry disagrees with her summary of events, as she has not correctly outlined the processes.

Would it be normal, if that was the case, for you to get advice from the ministry about where her summary was incorrect? Surely you would want to get it to attack her the next time she came in, would you not?

Mr Mitchell: We are not interested in attacking. Can you repeat the question? That exchange upset my train of thought.

The CHAIRMAN: Would it be normal, when a member of Parliament raises something in the House, to get advice from the ministry about where the summary of events that has been outlined is incorrect?

Mr Mitchell: The minister would have said, "This is the story" and Fair Trading would have said, "This is the story", and they would have been able to satisfy that the advice they were providing was correct.

The CHAIRMAN: The minister said also -

If the board is not happy with the level of investigation or the support the ministry is providing, and it is not able to do its job because the ministry is negligent, I expect the board would advise me of that situation.

Again, would it be normal to check with the board that it was happy with the results and what was happening?

Mr Mitchell: I expect that if the board had any concerns, it would raise them with the minister.

The CHAIRMAN: It would be reactive rather than proactive?

Mr Mitchell: Proactive by the board. It is an independent body. It is clearly within its responsibilities to do that.

The CHAIRMAN: So it would be inappropriate for you to interfere - I think the minister said that somewhere else during that debate - with what the board is doing, and you would wait for it to be proactive and come to the minister's office?

Mr Mitchell: Yes, if it has any concerns.

The CHAIRMAN: The minister said also, at page 3402 -

The problem I have is that the Finance Brokers Supervisory Board must undertake these investigations. It uses the ministry staff to undertake the investigations. It is appropriate that I leave those people to do their job. We will have a problem if I interfere, just as we had a problem with a similar issue involving the Real Estate and Business Agents Supervisory Board and the relative of another member of Parliament. People were saying that I should be involved and others that I should not.

In terms of that, did you believe the board needed to be kept at arm's length?

Mr Mitchell: As I think the minister explained there, the board has a job to do, and it is up to it to do it.

The CHAIRMAN: It did not raise any alarm bells that complaints had been made by two individuals, and by a consumer organisation, and that a member of Parliament had raised a matter of public importance? Was there any sense of, "Hang on! There might be something to all of this. We had better get a thorough and detailed explanation of what is going on"?

Mr Mitchell: It would have been the board's responsibility to do that.

The CHAIRMAN: The board's responsibility?

Mr Mitchell: Yes. The board looks after the industry.

The CHAIRMAN: Surely the minister is responsible for the board.

Mr Mitchell: You have mentioned two complaints about one finance broker in a six-month period; and an MPI debate, about which the minister received advice from the ministry, and the ministry's advice was that these matters were being addressed.

The CHAIRMAN: Surely the seriousness of the complaint rather than just the number of complaints would determine how you would respond to it. Even if only one person told you there might have been a murder, you would still look at that allegation.

Mr Mitchell: We are not talking about murder at this time. The board was investigating that matter.

The CHAIRMAN: By November, four different groups of people were raising concerns with you. Penny Searle, Carl Lens, a member of Parliament and a consumer association were all raising concerns of a general and broad nature about problems in the finance broking industry.

Mr Mitchell: And they were being asked to provide their specific allegations to the board to investigate.

The CHAIRMAN: Are you saying they never did that?

Mr Mitchell: I am not saying that at all. I am saying that the board's advice to the minister was that these matters were being investigated.

The CHAIRMAN: At the time there was no sense that there was a broader problem in the industry?

Mr Mitchell: No, and the ministry did not know that.

The CHAIRMAN: Have you had much of a relationship with Denise Brailey in terms of fair trading matters?

Mr Mitchell: I have probably had half a dozen phone conversations with her.

The CHAIRMAN: What is your view about her knowledge of the industry and the issues? Is she generally accurate about the problems?

Mr Mitchell: She seems to have a reasonable general knowledge of what is going on.

The CHAIRMAN: Have you always held that view?

Mr Mitchell: I have always respected her views.

The CHAIRMAN: If she came to you with allegations, would that cause you to have greater concern than if it were a person off the street with a single allegation?

Mr Mitchell: Any complaints that were referred to the minister's office from Denise Brailey were referred to the ministry for advice. I am not an investigator. I do not have all the information.

The CHAIRMAN: I understand that, but surely part of your role as policy adviser to the minister would be to collate the information and indicate to the minister whether you believe it is an issue that may cause problems in the future if it is not fixed, or it is just a run-of-the-mill issue that you can send to the ministry to get fixed?

Mr Mitchell: That is right. My role is to facilitate the resolution of these complaints. Denise Brailey was dealing with the ministry -

The CHAIRMAN: Surely it is not just to resolve the complaints but also to provide broader policy advice on problems in the industry.

Mr Mitchell: It was to facilitate the resolution of her complaints. Fair Trading did not know what was going on in the finance industry. I think one of the officers from the ministry indicated that he not know what was going on in the finance industry until it appeared in the newspaper in 1999. The ministry officers had far more conversations with Denise Brailey than I ever had.

Hon G.T. GIFFARD: Are you saying the ministry did not know what was going on?

Mr Mitchell: That is correct. That is its evidence to the Gunning inquiry.

Hon G.T. GIFFARD: Do not worry about its evidence to the Gunning inquiry; worry about your evidence to us. How do you know, apart from its evidence? Is there anything else that causes you to draw that conclusion?

Mr Mitchell: Throughout 1998 it never said anything to the minister to indicate that there were any particular concerns.

Hon G.T. GIFFARD: It never raised the resourcing of the board?

Mr Mitchell: No.

The CHAIRMAN: Do you recollect the name of the officer who you said did not know until it was raised in the paper?

Mr Mitchell: It can be found at page 89 of the Gunning report - Will Morgan. There was also a director then who made basically the same comment.

The CHAIRMAN: Do you accept that as a policy adviser you have a role not just to resolve complaints but also to look at broader issues; and if you identify that there are potential problems in an area within the minister's portfolio, to provide advice that that matter needs to be dealt with?

Mr Mitchell: Yes.

The CHAIRMAN: Have you ever provided advice to the minister that there is a broader issue that needs to be looked at in the finance broking area?

Mr Mitchell: Based on advice from the ministry, yes.

The CHAIRMAN: When was that?

Mr Mitchell: That would have been in 1999, once Global went into voluntary administration.

The CHAIRMAN: Did the minister ever ask you, prior to that advice from the ministry, to look at broader concerns within the finance broking area?

Mr Mitchell: No.

The CHAIRMAN: Going into the 1999 period, obviously you would have had discussions with the minister about what was taking place in the finance broking area.

Mr Mitchell: Yes.

The CHAIRMAN: Did you ever discuss the need for an inquiry into the industry?

Mr Mitchell: No.

The CHAIRMAN: When was the first time the need for an inquiry was discussed between you and the minister?

Mr Mitchell: Earlier this year.

The CHAIRMAN: Are you aware of my suggestions being made to the minister about the need for an inquiry?

Mr Mitchell: No.

The CHAIRMAN: Did the minister ever request you, or the ministry, to provide him with advice on whether a broader inquiry was required?

Mr Mitchell: No.

The CHAIRMAN: With regard to the investigations and actions that you have taken on behalf of the minister, you indicated in the Gunning inquiry that one of the complaints that the minister had asked you to look into related to a tavern, and that the minister had suggested the names of a number of people to whom you could talk about that, because of his background in the hotel business. Do you recollect that evidence that you gave to the Gunning inquiry?

Mr Mitchell: If you want to talk to me about that, that should be in private.

The CHAIRMAN: With regard to the lines of communication between you and the minister, do you often receive faxes and information from the minister at your home?

Mr Mitchell: I do not have a fax at home. If you want to talk about that, I will clarify that when we go into private session.

The CHAIRMAN: I will leave that at this point.

HON RAY HALLIGAN: How many Acts does the Ministry of Fair Trading administer?

Mr Mitchell: Forty-seven.

Hon RAY HALLIGAN: How many boards and tribunals does it administer?

Mr Mitchell: Twelve, I think.

Hon RAY HALLIGAN: You mentioned earlier that Penny Searle had written to the ministry to make it aware of her concerns about her investment and had made some general comments about the finance broking industry. Did she provide any evidence to support her general concerns?

Mr Mitchell: Yes. She provided quite a lengthy submission that contained those sorts of allegations and those concerns.

Hon RAY HALLIGAN: They were allegations. Was any supporting evidence provided at any stage?

Mr Mitchell: The allegations were quite lengthy and I assumed that there was evidence, or information she regarded as evidence, to support her claims.

Hon RAY HALLIGAN: I suppose by way of evidence I am looking for letters from other people that support the allegations she was making.

Mr Mitchell: No.

Hon RAY HALLIGAN: You made mention of the fact that Denise Brailey was asked to provide evidence as well. Are you aware of any evidence that she was able to provide?

Mr Mitchell: During 1998 she had discussions with the ministry, and I am not aware of any particular evidence that she provided them with.

Hon RAY HALLIGAN: You say that you respected Denise Brailey's understanding of the industry.

Mr Mitchell: Yes.

Hon RAY HALLIGAN: Could you explain how she was able to establish this credibility in your mind?

Mr Mitchell: She seems to have a reasonable knowledge of the industry.

Hon RAY HALLIGAN: "Seems" being the operative word, by the sound of it. I am looking for evidence that would suggest that there is a definite knowledge, as distinct from a superficial knowledge.

Mr Mitchell: I have not evaluated the evidence she provided to the ministry. I have read many of her letters. But the worth of that evidence is not something that I have particularly sat down and evaluated. It is up to the ministry to investigate that. I am not an investigator.

The CHAIRMAN: In a general sense, have you been satisfied that Denise Brailey has been correct in the issues that she has raised with you?

Mr Mitchell: I have some concerns about the allegations she makes, on occasions, and the way they are presented.

Hon G.T. GIFFARD: What does that mean?

Mr Mitchell: That is something I would rather talk about in camera, if the committee wishes to take that course.

The CHAIRMAN: Without referring to specific allegations, in terms of general concerns about the industry, are you happy that Ms Brailey has a reasonable knowledge of the finance broking industry, and that she understands it?

Mr Mitchell: If you are asking me to give a character reference, I do not know Denise personally.

The CHAIRMAN: I am not asking for a character reference, I am asking if, based on the correspondence you have received from her, and the conversations and the dealings you have had with her, and your knowledge of the industry, she is generally correct about the concerns she has raised?

Mr Mitchell: There are concerns about her allegations, and obviously she gets some things right.

The CHAIRMAN: Have you ever been in a meeting where there has been criticism of Ms Brailey?

Mr Mitchell: Yes.

The CHAIRMAN: Could you advise us as to what those meetings were, and when they were held?

Mr Mitchell: I cannot recall specifically.

The CHAIRMAN: Can you recall the type of criticism that has been thrown at Ms Brailey?

Mr Mitchell: Yes - the accuracy of her comments, generalisations.

The CHAIRMAN: So you have no recollection of any specific meeting at which these criticisms have been expressed?

Mr Mitchell: No.

Hon G.T. GIFFARD: Or who would have made them?

Mr Mitchell: I cannot recall any specific meetings, but they were comments that have been fed back to me about her.

The CHAIRMAN: You do not recollect having ever been in a meeting where there was specific criticism made of Ms Brailey and her actions on this issue.

Mr Mitchell: Not specific meetings, no.

Hon RAY HALLIGAN: Was it your understanding that the Ministry of Fair Trading and the Finance Brokers Supervisory Board had not only responsibility but also the ability to investigate these concerns and complaints that you knew were being received?

Mr Mitchell: As far as I am aware the complaints were being investigated by the ministry. Nobody ever came to the ministry and said we did not have the power to do that.

Hon NORM KELLY: Whenever they came to the minister requiring resources to perform those duties, would those requests be acceded to by the minister?

Mr Mitchell: Exactly.

Hon NORM KELLY: How quickly would they be acceded to?

Mr Mitchell: The appointment of the supervisors was done within two or three weeks of the Government receiving a request from the supervisory board.

Hon NORM KELLY: What about increasing the number of investigators?

Mr Mitchell: That is a matter for the ministry to do, once they have been provided with the funds.

Hon NORM KELLY: By the minister?

Mr Mitchell: By the Government. There are two ways it can be done. More funding can be obtained, or resources can be removed from other areas within the Ministry of Fair Trading.

Hon RAY HALLIGAN: I wish to clarify one point about Ms Brailey. I understand the question I asked of you was not all that clear. I asked about her credibility, then we started to go down another path. What I was really saying was that her credibility does not come from her understanding of the industry. From my reading of what she has provided, it shows an understanding of the industry and its workings. What I was looking for was the evidence that supported the allegations, and to me that came down to her credibility, and anyone reading what she has provided would be expected to act immediately.

Mr Mitchell: The information provided by Ms Brailey was referred to the ministry in the first instance, and then to the board, for their evaluation. They would have considered the information that was provided to them.

The CHAIRMAN: With the benefit of hindsight, do you believe, as an adviser to the minister, that there was anything that could have been done back in 1998, but was not done?

Mr Mitchell: On the information that was available through the minister's office at that time, there was nothing more that I could have done.

The CHAIRMAN: Mr Mitchell, I have been going through the issues regarding the correspondence from Mrs Searle which indicates there were a number of letters in November and December. Do you recollect those letters?

Mr Mitchell: I thought there were probably two or three. There were a couple of conversations as well.

The CHAIRMAN: A number of letters were expressing ongoing concerns about the problems she was facing. Do you recollect any action being taken to specifically ask why it was taking so long for her matters to be addressed?

Mr Mitchell: Yes. I remember talking to the chief executive of the ministry to make sure that those complaints were dealt with appropriately.

The CHAIRMAN: What do you mean by “appropriately”?

Mr Mitchell: I wanted to make sure that they were not slipping through to the keeper, if you like; that they were being dealt with as expeditiously as possible.

The CHAIRMAN: What did the CEO advise with respect to those complaints?

Mr Mitchell: He had some sympathy. He agreed with my comments and he was doing what he could.

The CHAIRMAN: Did he indicate why they were taking so long to be dealt with?

Mr Mitchell: The information I had was that it was the board and the processes that the board had to follow to get it to a hearing.

The CHAIRMAN: But these complaints were not at the stage of going to an inquiry by the board; they were still being investigated by the ministry.

Mr Mitchell: There was some consideration of them in January 1999.

The CHAIRMAN: That is because Mrs Searle was continually harassing the board to try to get the matter heard.

Mr Mitchell: She was harassing me as well - not harassing - but I understand she wanted things done as quickly as possible.

The CHAIRMAN: You were concerned that the issues were taking a long time to resolve?

Mr Mitchell: I was concerned that she was not getting the response as quickly as she wanted.

The CHAIRMAN: Did anyone in the ministry, either in writing or verbally, indicate to you that they had a problem or that there was a lack of resources for those boards or the investigation arm in the ministry to deal with the complaints received?

Mr Mitchell: No.

The CHAIRMAN: Both Mrs Searle and Denise Brailey raised concerns about the conduct and actions of one of the investigators at the ministry. Was any advice ever provided back to the minister responding to those claims or allegations?

Mr Mitchell: Not that I can recall.

The CHAIRMAN: Would it have been normal to expect that advice would have been received back from the ministry if a complaint had been made about a specific officer?

Mr Mitchell: The advice may well have been that the matter was being dealt with. There was recognition that there was a personality conflict with the inspector concerned.

The CHAIRMAN: With both Mrs Searle and Mrs Brailey?

Mr Mitchell: Brailey, mainly.

The CHAIRMAN: As part of your role as an adviser to the minister, if there is a complaint about an individual officer from the department is it normal that you receive feedback as to whether or not that matter has been properly investigated and dealt with?

Mr Mitchell: Yes.

The CHAIRMAN: Did you receive that on this occasion?

Mr Mitchell: I cannot specifically remember, but the Ministry of Fair Trading would have dealt with it. Staffing issues are not something that the minister's officer can get involved in.

The CHAIRMAN: I understand that. That is why I said that you would receive advice from the ministry that the matter had been dealt with, investigated and appropriate action taken. I understand the minister cannot take disciplinary action, if that is required - and I am not suggesting that it necessarily was or was not in this case.

Mr Mitchell: From the nature of the work done by Ministry of Fair Trading inspectors, you expect that there will be conflict.

The CHAIRMAN: I understand that, although I would have thought not from the complainants. I suppose sometimes there would be; sometimes they are not happy with the speed of things.

Mr Mitchell: Sometimes they do not get the answers they want. Complainants do get concerned.

The CHAIRMAN: Is it normal, where complaints are made about the actions of officers, to expect that you would receive a response from the ministry as to what it had done about the issue? Not that you would interfere in the matter, but you would be advised as to the course of action taken to address the complaints made?

Mr Mitchell: It depends on the circumstances. Someone might write a letter to the minister complaining about a person, the minister would respond appropriately and the matter would be addressed; but if it was a complaint about an individual officer it may have been dealt with, for example, by a supervisor, who may have telephoned the person concerned.

The CHAIRMAN: I have a couple of final matters. As part of your role, have you been involved in any discussions about functions of the supervisors appointed to Global and Grubb?

Mr Mitchell: I have been provided with advice from the ministry, but I have not been involved in any discussions about what they can and cannot do.

The CHAIRMAN: Have you had any discussions regarding the providing of advice to the supervisor for Rowena Nominees or Grubb Finance?

Mr Mitchell: On advice from the ministry, I am sure that matter has been considered.

The CHAIRMAN: Do you recall the nature of the advice?

Mr Mitchell: No.

The CHAIRMAN: Have you been involved in any discussions as to whether or not there is a need for the appointment of a supervisor to Blackburne and Dixon?

Mr Mitchell: It has been mentioned, yes.

The CHAIRMAN: Can you tell us the nature of that discussion?

Mr Mitchell: Basically, the discussion was that they are not in liquidation, they are not in voluntary administration or anything like that, so there is no power to appoint a supervisor.

The CHAIRMAN: Was that raised by the board or was it as a result of a request from the minister's office to the ministry to give advice, or were you advised they would not be appointed?

Mr Mitchell: My recollection is that it was a matter that was raised - I cannot recall by whom - but it has been discussed, and that is my understanding of the discussion.

Hon G.T. GIFFARD: You cannot remember by whom?

Mr Mitchell: No.

Hon G.T. GIFFARD: No, you cannot remember?

Mr Mitchell: No, I cannot remember. Any number of people have perhaps talked about it, but in terms of a particular person raising that issue, I cannot recall.

The CHAIRMAN: Finally, are you aware whether the minister has ever met with any finance brokers or major borrowers?

Mr Mitchell: Finance brokers, yes.

The CHAIRMAN: Do you recall which finance brokers he has met with?

Mr Mitchell: Barry Barr, Kim Clifton - there was another one at the meeting as well but I cannot recall his name - Ray Weir.

The CHAIRMAN: Has he ever met with Mr Margaria, to your knowledge?

Mr Mitchell: No.

The CHAIRMAN: Has he ever met with Mrs Blackburne or Mr O'Brien from Blackburne and Dixon?

Mr Mitchell: No.

The CHAIRMAN: Mr Ward or Mr Perry?

Mr Mitchell: No.

The CHAIRMAN: Has he ever met with any of the more well known borrowers who have been involved in the finance broking issue, to your knowledge?

Mr Mitchell: No.

The CHAIRMAN: Mr Casella?

Mr Mitchell: No.

The CHAIRMAN: Mr Ferris?

Mr Mitchell: No.

The CHAIRMAN: Mr Manton?

Mr Mitchell: No.

Hon NORM KELLY: What is your understanding of the possible losses that will occur to investors?

Mr Mitchell: I understand that Global will get back about 85¢ in the dollar and Grubb will probably get 60¢ or 65¢.

Hon NORM KELLY: What would that equate to in overall losses?

Mr Mitchell: I think both supervisors gave an estimate of that earlier in the week or early last week. I could have a guess at a figure but I would rather not.

The CHAIRMAN: That is money to be returned to investors rather than creditors?

Mr Mitchell: To investors, yes. In fact, it is 85¢ in the dollar across the board. I had not really thought of a distinction.

The CHAIRMAN: But it includes investors?

Mr Mitchell: Yes.

The CHAIRMAN: On what are you basing those figures?

Mr Mitchell: Those figures have been around for some time. Certainly the Grubb supervisor talked about that a week or so ago.

The CHAIRMAN: I understand that. Where did you get those figures from?

Mr Mitchell: It has been talked about within my work.

Hon NORM KELLY: Has the possibility of a government bail-out been discussed with the minister so that the Government actually covers the losses and then tries to recoup that money?

Mr Mitchell: That has been suggested for some time.

Hon NORM KELLY: What has been the outcome of those discussions?

Mr Mitchell: I think the Premier indicated that that would not be happening.

Hon NORM KELLY: For what reasons?

Mr Mitchell: You probably need to ask the Premier that.

Hon NORM KELLY: With the benefit of hindsight and the knowledge you have gained over the past couple of years, do you feel that the board has acted in the best possible way in dealing with these complaints?

Mr Mitchell: There has obviously been criticism about the way the board has conducted its business.

Hon NORM KELLY: Where do you think the board could have performed its functions in a better way?

Mr Mitchell: The Gunning inquiry raised a few issues and I probably could not go any further than that. I appreciate that other people have a different view. Obviously, the chairman of the board has indicated that he disagrees with the Gunning inquiry.

Hon NORM KELLY: Are you aware about any recommendations to the minister that the previous chairman of the board be removed from his position?

Mr Mitchell: Which previous chair?

Hon NORM KELLY: Mr Urquhart.

Mr Mitchell: Not since the Gunning inquiry has finished.

Hon NORM KELLY: Were there recommendations before that?

Mr Mitchell: Not that I am aware of.

The CHAIRMAN: Have you ever been involved in any discussions about removing people's names from titles other than by having them sign a discharge?

Mr Mitchell: No.

The CHAIRMAN: We have no other questions for public session. We will now proceed into a private hearing.

[The Committee took evidence in private]